

Message Text

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TAGS: ETRD, EEC

SUBJECT: 1975 EC GENERALIZED SYSTEM OF PREFERENCES (GSP)

REF: A) EC BRUSSELS 8850

B) EC BRUSSELS 4644

C) EC A-243 OF AUGUST 8, 1974

1. BEGIN SUMMARY: THE MAIN ELEMENTS OF THE EC'S SYSTEM OF GENERALIZED PREFERENCES FOR 1975 HAVE BEEN APPROVED BY THE EC COUNCIL AND, SUBJECT TO FINAL AGREEMENT ON THE TEXT OF THE PROVISIONS, THE REVISED GSP SYSTEM IS EXPECTED TO BE IN PLACE BY JANUARY 1. THE NEW SCHEME WILL PROVIDE INCREASED TRADE OPPORTUNITIES IN THE EC MARKET FOR THE DEVELOPING COUNTRIES THROUGH PRODUCT COVERAGE AND FEWER QUANTITATIVE RESTRICTIONS. END SUMMARY.

2. AS REPORTED IN REFTEL A THE EC COUNCIL OF FOREIGN MINISTERS HAS APPROVED, IN PRINCIPLE, THE COMMISSION'S 1975 SYSTEM OF GENERALIZED PREFERENCES. THE PACKAGE OF NEW CONCESSIONS INCLUDED IN THE REVISED SYSTEM WILL NOW BE PUT INTO LEGAL FORM BY THE COMMITTEE OF
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PERMANENT REPRESENTATIVES (COREPER) FOR IMPLEMENTATION

ON JANUARY 1. TRADE COVERAGE UNDER THE EXPANDED SYSTEM IS EXPECTED TO BE IN THE RANGE OF 450 TO 600 MILLION UNITS OF ACCOUNT (UA) FOR AGRICULTURAL PRODUCTS AND APPROXIMATELY 2.8 BILLION UA FOR INDUSTRIAL GOODS AND TEXTILES.

3. AGRICULTURAL PRODUCTS: IMPROVEMENTS UNDER THIS HEADING COVER PROCESSED AGRICULTURAL PRODUCTS COVERED BY CHAPTERS 1 TO 24 OF THE COMMON CUSTOMS TARIFF (CXT). MOST PREFERENTIAL MARGINS OF 20 PERCENT WILL BE INCREASED TO 40 PERCENT, SOME 40 PERCENT MARGINS TO 50 PERCENT AND MOST DUTIES BELOW 5 PERCENT WILL BE ABOLISHED. TARIFF REDUCTIONS ON COCOA BUTTER, SOLUBLE COFFEE AND PINEAPPLE AGREED TO IN 1974 WILL CONTINUE FOR 1975. IN ADDITION NEW CONCESSIONS ARE PROVIDED ON THE FOLLOWING PRODUCTS: RAW TOBACCO, CASTOR OIL, CIGARS AND CIGARILLOS, SMOKING TOBACCO, HONEY AND SPICES FROM INDIA. THE ARRANGEMENT FOR IMPORTS OF VIRGINIA FLUE-CURED TOBACCO HAS BEEN CHANGED FROM A TARIFF QUOTA OF 30 MILLION UA IN 1974 (EQUIVALENT TO 22,000 TONS) TO A STRAIGHT QUOTA OF 30,000 TONS FOR 1975 AS A SPECIAL GESTURE IN RECOGNITION OF INDIA'S CURRENT DIFFICULTIES. THE COMMUNITY'S REVISED SCHEME AS A WHOLE REFLECTS A SPECIAL CONCERN FOR THE INDIAN SUB-CONTINENT BECAUSE BANGLADESH, INDIA, SRI LANKA AND PAKISTAN ARE ALL COVERED UNDER THE SPECIAL COMMITMENT IN THE JOINT DECLARATION OF INTENT ANNEXED TO THE TREATY OF ACCESSION, AS ARE THE OTHER ASEAN COUNTRIES, WHO WILL ALSO BENEFIT FROM ADDITIONAL CONCESSIONS WHICH HAVE BEEN PROPOSED FOR CERTAIN TROPICAL VEGETABLE OILS (PALM, COCONUT). A DECISION REGARDING THESE ADDITIONAL CONCESSIONS WILL BE MADE IN LIGHT OF THE RESULTS OF THE ACP NEGOTIATIONS. (CUMULATIVE RULES OF ORIGIN WILL ALSO APPLY TO ASEAN COUNTRIES FROM 1975 FOR ALL GOODS.)

4. INDUSTRIAL PRODUCTS (EXCEPT TEXTILES): ALL GOODS EXCEPT JUTE AND COIRE PRODUCTS ENTER DUTY FREE SUBJECT TO POSSIBLE QUANTITATIVE CEILINGS. THESE CEILINGS ARE INCREASED FOR 1975 BY 15 PERCENT, RAISING TRADE LIMITED OFFICIAL USE

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POSSIBILITIES UNDER GSP FOR INDUSTRIAL PRODUCTS TO APPROXIMATELY 2.3 BILLION UA. THE LIST OF SENSITIVE PRODUCTS ACTUALLY SUBJECT TO THE NEW QUOTA LIMITATIONS, AND TO SPECIFIC LIMITS IN EACH MEMBER STATE, HAS BEEN REDUCED FROM 51 TO 13. THESE ARE LEATHERS AND HIDES, PLASTIC AND LEATHER LUGGAGE ARTICLES, SPORTS GOODS, PLYWOOD, RUBBER AND PLASTIC SHOES, LEATHER SHOES, CLOTH SHOES, ELECTRIC BAT-

TERIES, TV AND RADIO RECEIVERS, DIODES AND TRANSISTORS, CHAIRS AND CERTAIN FURNITURE AND THREE STEEL PRODUCTS. MAXIMUM TRADE PERMITTED UNDER THESE DUTY-FREE QUOTAS IS SET AT 455 MILLION UA. PRODUCTS REMOVED FROM THE 1974 SENSITIVE LIST WILL BE IMPORTED UNDER A "QUANSI-SENSITIVE " ARRANGEMENT OF SPECIAL SURVEILLANCE, IN WHICH TARIFF QUOTA LIMITATIONS ARE POSSIBLE BUT NOT MANDATORY. (REFINED PETROLEUM PRODUCTS ALREADY FALL UNDER THIS CATEGORY.) SPECIAL CUT-OFF POINTS OR "BUFFERS" WILL APPLY TO EACH PRODUCT ON THE QUASI-SENSITIVE LIST LIMITING THE SHARE OF ANY BENEFICIARY COUNTRY. CUT-OFF POINTS WILL ALSO APPLY TO THE GOODS ON THE SENSITIVE LIST. THIS IS AIMED AT CERTAIN "PRIVILEGED" DEVELOPING COUNTRIES WHICH HAVE PROVED THEMSELVES ESPECIALLY SUCCESSFUL AT COMPETING IN THE EC MARKET. FIVE COUNTRIES WILL BE AFFECTED IN 1975: YUGOSLAVIA FOR 16 PRODUCTS, HONG KONG FOR 10, MEXICO FOR 1, SOUTH KOREA FOR 1 AND MACAO FOR 1. NO MORE THAN 50 PERCENT OF A "BUFFER" ALLOCATION MAY BE USED IN ANY ONE EC MEMBER STATE HOWEVER.

5. TEXTILES: THE COUNCIL RENEWED THE 1974 PROVISIONS ON TEXTILES, WITH CERTAIN IMPROVEMENTS, PENDING THE CONCLUSION OF NEW AGREEMENTS WITH EXPORTING COUNTRIES. CEILINGS FOR 1975 ARE UP 5 PERCENT OVER 1974. TWO NEW COUNTRIES ARE ADDED TO THE LIST OF BENEFICIARIES-- SOUTH VIETNAM AND SRI LANKA. HONG KONG IS NOT INCLUDED DESPITE STRONG SUPPORT FROM THE UK. THE COUNCIL DID AGREE, HOWEVER, THAT THE HONG KONG SITUATION WILL BE "REVIEWED" WHEN THE 1976 GSP IS DRAWN UP.

6. FINAL TEXT OF THE 1975 GSP SCHEME WILL BE FOR LIMITED OFFICIAL USE

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WARDED TO THE DEPARTMENT AS SOON AS IT IS AVAILABLE. MYERSON

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